

OFFICIAL DISPATCH

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DISPATCH NO: MGB-A-1860

SECRET

CLASSIFICATION

TO: Chief, Foreign Branch M
FROM: *Agents in Karlsruhe, Germany* Acting Chief of Station, Karlsruhe, Germany *P/LM*
SUBJECT: GENERAL— Operational

DATE: 14 May 1948

SPECIFIC— CALESA's Latest E-ploits (FR)

1. We want to inform you that our old friend CALESA 1, after unsuccessfully trying to interest us in exploiting his intelligence ability, took a trip up to Berlin to shop around for some generous soul to accept his contribution to democracy. As can be well imagined, his trip was not unsuccessful, and he landed in no time in the arms of Frank Matthews, OMG BS. He gave Mr. Matthews the old tale of woe of not being appreciated by [] and still being anxious to do his bit for the western cause.

2. He then put Mr. Matthews in touch with a member of the Administration of Interzonal Trade and Export who will furnish him with reports in exchange for 10-in-1 rations and cigarettes. This was just to prove to Matthews how able a fellow CALESA 1 was.

3. CALESA 1 is going back to Wiesbaden, but intends to come to Berlin again and organize a deal going to Hungary. It is a very fancy plan, and Matthews came to us with his tongue hanging out to get details on the advisability of working with CALESA 1. [] spoke to Matthews, gave him a graphic account of our difficulties in ridding ourselves of CALESA 1, and emphasized CALESA 1's intelligence-gathering mania. Both [] pointed out to Matthews that they considered the association of any American with CALESA 1 as extremely unhealthy and dangerous. Mr. Matthews, with his well known maturity in these matters, at once stated that he was going to deal with CALESA 1 and saw no objection to doing so.

4. Mr. Matthews promised to keep us informed on what steps were being taken by him, as well as details of the reports furnished by or through CALESA 1. We made it quite clear that we were not interested in dealing with CALESA 1, or in his production, but that we would be interested in being advised on what was happening so that

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We could give them the necessary warnings in case they received deception material. We made our disapproval of his dealings with CALESA I quite emphatic, but are naturally in no position to forbid him to go ahead with his plans.

ASM/wmc

FR, Berlin

Dist:

2 - FBM
1 - COS
1 - File

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